

State of California  
BOARD OF EQUALIZATION

**ENERGY RESOURCES SURCHARGE REGULATIONS**

**Regulation 2317. CONSUMPTION BY ELECTRIC UTILITIES.**

*Reference:* Sections 40043 and 40044, Revenue and Taxation Code.

The consumption by an electric utility of self-generated electrical energy is not subject to the surcharge. The consumption by an electric utility of purchased electrical energy that is used directly, lost by dissipation, or unaccounted for in accordance with generally accepted accounting principles by the electric utility in the process of generation, transmission, and distribution of electrical energy is exempt from the surcharge. However, the surcharge applies to the consumption by electric utilities of purchased electrical energy for any other purpose. (The term "consumption" does not include the receiving of purchased electrical energy by an electric utility for resale.)

When an electric utility purchases electrical energy and pools in its system the energy with electrical energy generated by it, the consumption of electrical energy in this state from the pool by the utility during any quarter shall be deemed to be a consumption of energy generated by it to the extent that the kilowatt-hours of the electrical energy generated by it during the quarter exceed the kilowatt-hours consumed by the electric utility. When an electric utility consumes electrical energy purchased from another electric utility, which has not been pooled in its system with electrical energy generated by it, the surcharge will apply to the consumption of the purchased electrical energy, unless the consumption is otherwise exempt.

*History:* Adopted December 18, 1974, effective January 26, 1975.